
State:	Vermont	Filing Company:	TVHP
TOI/Sub-TOI:	ML02 Multi-Line - Other/ML02.000 Multi-Line - Other		
Product Name:	2014 TVHP Provision for Large Claims Filing		
Project Name/Number:	/		

Filing at a Glance

Company:	TVHP
Product Name:	2014 TVHP Provision for Large Claims Filing
State:	Vermont
TOI:	ML02 Multi-Line - Other
Sub-TOI:	ML02.000 Multi-Line - Other
Filing Type:	GMCB Trend / Admin Charge
Date Submitted:	01/14/2014
SERFF Tr Num:	BCVT-129374083
SERFF Status:	Assigned
State Tr Num:	
State Status:	
Co Tr Num:	
Implementation	On Approval
Date Requested:	
Author(s):	Vince Mace, Pam Young, Seth Abbene, Jude Daye, Martine Brisson-Lemieux
Reviewer(s):	Thomas Crompton (primary), Kelly Macnee, David Dillon, Jacqueline Lee
Disposition Date:	
Disposition Status:	
Implementation Date:	
State Filing Description:	

State: Vermont
TOI/Sub-TOI: ML02 Multi-Line - Other/ML02.000 Multi-Line - Other
Product Name: 2014 TVHP Provision for Large Claims Filing
Project Name/Number: /

Filing Company: TVHP

General Information

Project Name: Status of Filing in Domicile:
Project Number: Date Approved in Domicile:
Requested Filing Mode: Review & Approval Domicile Status Comments:
Explanation for Combination/Other: Market Type: Group
Submission Type: New Submission Group Market Size: Large
Group Market Type: Employer Overall Rate Impact:
Filing Status Changed: 01/14/2014
State Status Changed: Deemer Date:
Created By: Jude Daye Submitted By: Jude Daye
Corresponding Filing Tracking Number:

Filing Description:
January 10, 2014

Judith Henkin, Esq.
Health Policy Director
Green Mountain Care Board
89 Main Street, Third Floor, City Center
Montpelier, Vermont 05620

Subject: The Vermont Health Plan - NAIC # 95696
Provision for Large Claims Filing for 2014

Dear Ms. Henkin:

Enclosed for your review and approval is The Vermont Health Plan's (TVHP) Provision for Large Claims filing for 2014. This filing provides pooling factors to be used in the experience rating of TVHP Large Group business.

Please let me know if we can answer any questions or provide further information during your review.

Sincerely,

Kevin Goddard

cc: Tom Crompton / GMCB
Ruth Greene / BCBSVT
Vince Mace / BCBSVT
Paul Schultz/BCBSVT

Company and Contact

Filing Contact Information

Jude Daye, Executive Assistant dayej@bcbsvt.com
445 Industrial Lane 802-371-3244 [Phone]
Montpelier, VT 05601

SERFF Tracking #: BCVT-129374083**State Tracking #:****Company Tracking #:**

State: Vermont**Filing Company:** TVHP**TOI/Sub-TOI:** ML02 Multi-Line - Other/ML02.000 Multi-Line - Other**Product Name:** 2014 TVHP Provision for Large Claims Filing**Project Name/Number:** /

Filing Company Information

TVHP	CoCode: 95696	State of Domicile: Vermont
PO BOX 186	Group Code:	Company Type: HMO
Montpelier, VT 05601	Group Name:	State ID Number:
(802) 371-3450 ext. [Phone]	FEIN Number: 03-0354356	

Filing Fees

Fee Required? No

Retaliatory? No

Fee Explanation:

SERFF Tracking #:	BCVT-129374083	State Tracking #:	Company Tracking #:
State:	Vermont	Filing Company:	TVHP
TOI/Sub-TOI:	ML02 Multi-Line - Other/ML02.000 Multi-Line - Other		
Product Name:	2014 TVHP Provision for Large Claims Filing		
Project Name/Number:	/		

Supporting Document Schedules

Satisfied - Item:	Actuarial Memorandum
Comments:	
Attachment(s):	2014 TVHP Provision for Large Claims Filing - Actuarial Memorandum.pdf
Item Status:	
Status Date:	

Bypassed - Item:	Civil Union Rating Requirements
Bypass Reason:	Not required.
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Filing Compliance Certification
Comments:	
Attachment(s):	Filing Compliance Certification.pdf
Item Status:	
Status Date:	

Bypassed - Item:	Third Party Filing Authorization
Bypass Reason:	BCBSVT does not use a Third Party to submit filings.
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Plain Language Summary
Comments:	
Attachment(s):	2014 TVHP Provision for Large Claims Filing - Plan Language Summary.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Exhibits
Comments:	

SERFF Tracking #:	BCVT-129374083	State Tracking #:	Company Tracking #:
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State:	Vermont	Filing Company:	TVHP
TOI/Sub-TOI:	ML02 Multi-Line - Other/ML02.000 Multi-Line - Other		
Product Name:	2014 TVHP Provision for Large Claims Filing		
Project Name/Number:	/		

Attachment(s):	2014 TVHP Provision for Large Claims Filing - Exhibit 1.pdf 2014 TVHP Provision for Large Claims Filing - Exhibit 2.pdf 2014 TVHP Provision for Large Claims Filing - Exhibit 3.pdf 2014 TVHP Provision for Large Claims Filing - Exhibit 4.pdf
Item Status:	
Status Date:	

The Vermont Health Plan Provision for Large Claims Filing for 2014 Actuarial Memorandum

Summary

The purpose of this filing is to re-price the provision for large claims factors to be used in the pricing of The Vermont Health Plan's (TVHP) experience-rated groups.

We intend to apply these factors to determine rates for groups that are renewing or applying for coverage with TVHP. The factors will be used for renewals or proposals delivered 10 or more business days after the date of approval of this filing, through 10 business days after the approval of a successor filing.

Provision for Large Claims Development

In order to develop the provision for large claims factors, allowed charges and paid claims through September 30, 2013 were analyzed for the experience years ending December 31, 2011 and December 31, 2012. Only amounts for BCBSVT and TVHP members in underwritten or Cost Plus groups were included in the experience data. Capitated services and claims incurred by Medicare-eligible members were excluded. Any groups that do not include prescription drugs as a covered expense under their BCBSVT/TVHP benefit plan were excluded.

In prior filings, although BCBSVT/TVHP processed all managed mental health claims, the coverage was capitated and provided via an external vendor, and therefore was excluded from the stop loss analysis. Because managed mental health coverage is now provided by BCBSVT/TVHP, we are including the history of such allowed charges and claims in this year's analysis.

Claims to Allowed Charges

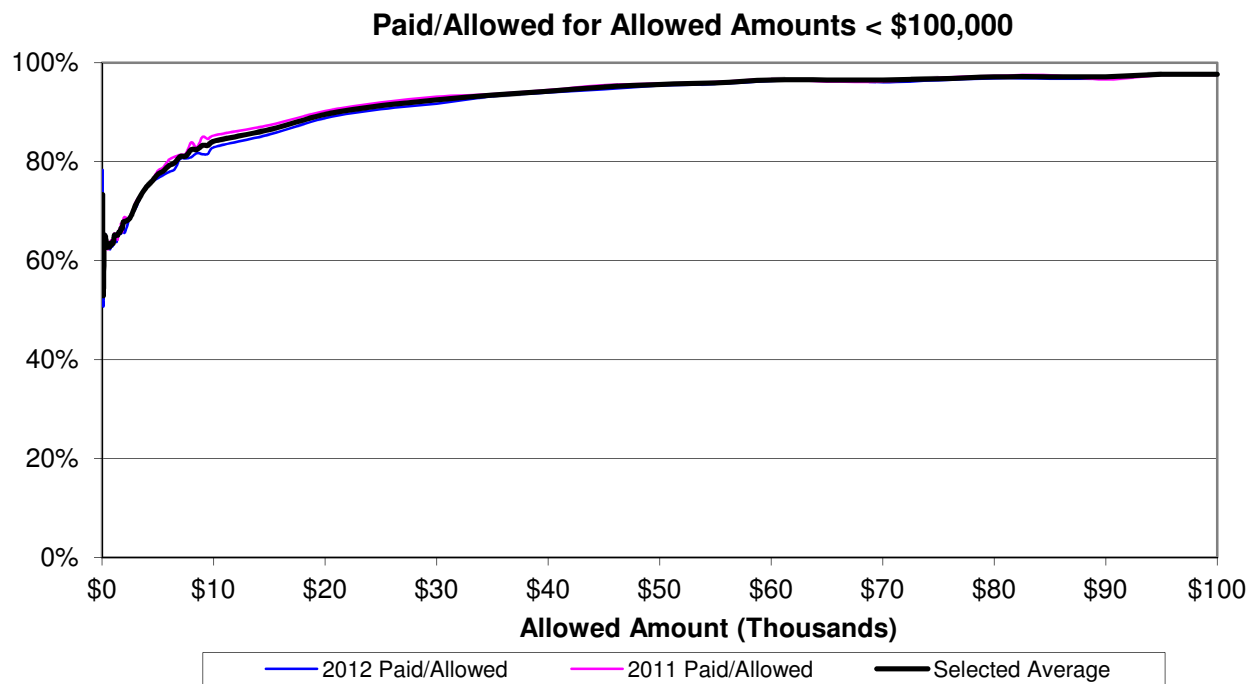
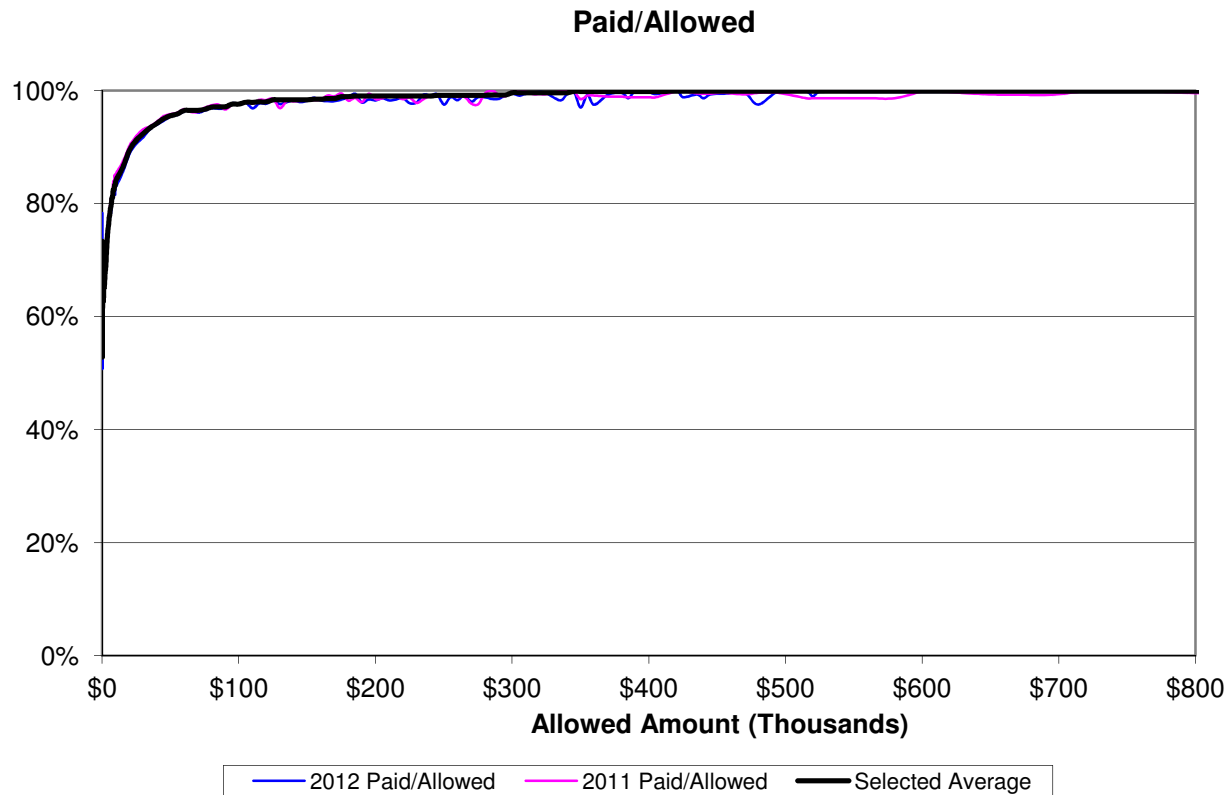
For each experience year, allowed charges and claim amounts were totaled for each claimant. These were then sorted into categories by the amount of allowed charges. The categories used were:

- \$0 up to \$50
- \$50 up to \$100
- \$100 up to \$200...\$1,900 up to \$2,000
- \$2,000 up to \$2,500...\$9,500 up to \$10,000
- \$10,000 up to \$15,000...

For each category, the ratio of the amount of the paid claim to the amount of allowed charges was calculated. The corresponding ratios for each year were averaged and the resulting ratios at allowed amounts greater than \$1,000 were smoothed. The high-to-low-to-high pattern of the ratios observed at allowed amounts less than \$1,000 was maintained; presumably this pattern is due to the increased provision and use of preventive benefits covered at no charge. The result was a table of paid claims to allowed charges factors.

The following graphs show the observed and selected average paid/allowed factors:

The Vermont Health Plan Provision for Large Claims Filing for 2014 Actuarial Memorandum



The Vermont Health Plan Provision for Large Claims Filing for 2014 Actuarial Memorandum

Trended Claims

We calculated the charge factors assuming experience periods begin on the first day of the quarter.

The allowed amounts by claimant for 2011 were trended by the observed trend from 2011 to 2012, and then by 4.1% per annum (the overall trend factor implied by the uncapped allowed combined trend in the approved Q1-Q2 2014 BCBSVT Trend filing). The allowed amounts for 2012 were trended forward at 4.1% per annum. For each claimant record, a claim amount was calculated by applying the appropriate factor from the paid/allowed amount factor table. A projected claim file was built by combining the trended 2011 records with two copies of the trended 2012 records (thus weighting the 2012 experience twice as heavily as the 2011 experience). For a set of limits (in increments of \$5,000) the amounts in excess of the limit for each claim and the amounts under the limit for each claim were totaled, and the ratio of these calculated. This produced a factor, for each limit value, expressing claims above the limit in terms of claims below the limit.

A distribution of claims by amount was also generated from the 2013 Milliman Health Cost Guidelines distribution of allowed charges (adjusted for Vermont), by trending the distribution to produce the same expected average annual allowed charge per member as the trended BCBSVT/TVHP distribution, and then applying the paid/allowed factors calculated above. Factors for claims above the limit as a percentage of those below the limit were calculated from this distribution.

The development of credibility factors to be applied to the BCBSVT/TVHP factors (versus the Milliman factors) begins, as in previous filings, with the Q1 2008 established criteria of 1.00 for a \$30,000 limit, reduced uniformly to 0.01 for a \$195,000 limit. The \$30,000 and \$195,000 boundary values are increased by trend from Q1 2008 for all subsequent quarters.

For each limit, the expected claims over the limit as a percentage of claims below the limit factors were then developed by applying the credibility factor to the factor based on BCBSVT/TVHP experience and adding (1-credibility factor) applied to the adjusted factors from the Milliman data. This calculation is demonstrated in Exhibit 1.

Exhibit 2 demonstrates the pooling charge experience, as compared to expected from the previous approved filings, for 2012. In part because TVHP was ordered to reduce the 2013 Stop Loss filing's pricing factors by 4%¹, the actual-to-expected comparison shown on page 1 in this exhibit is very unfavorable for 2012.

We believe that our methodology for determining individual stop loss pooling factors is a sound one. We expect there will be some degree of fluctuation from year to year, due to the nature of high claims and the variability of such claims from year to year. Variations in basic assumptions, such as trend, can result in a systematic variance in the stop loss experience which in no way reflects a bias in the method. We do not think adjustments for good or bad experience in any particular year should be made. For this reason, we did not find it necessary to load the 2014 factors for the poor experience observed in 2012.

¹ Green Mountain Care Board decision, GMCB-020-13-rr, dated August 5, 2013.

The Vermont Health Plan Provision for Large Claims Filing for 2014 Actuarial Memorandum

Provision for Large Claims Factors

For TVHP experience rated business, the expected claims over the limit as a percentage of claims below the limit factors developed above are used to estimate claims over the pooling limit from the experience claims below the pooling limit. Exhibit 3 shows the provision for large claims factors for experience rated cases with experience periods starting quarters Q4 2012 through Q1 2014.

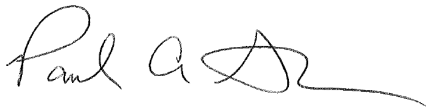
Net Cost of Reinsurance

TVHP has purchased reinsurance for claims in excess of \$250,000 for 2014, and expects to purchase similar reinsurance in future years with limits approximately equal to the 2014 limit increased by trend. We estimate that the target loss ratio for the reinsurance is approximately 75%, which implies a cost of reinsurance of approximately 33% of claims above the reinsurance limit. For each pricing period starting quarter, we determined an annual cost of reinsurance for the trended reinsurance limit by multiplying the expected annual claims cost above the limit by 33%. Dividing this by 12 produces the PMPM cost of reinsurance. The table of PMPM's, based on pricing period starting quarter, is shown in Exhibit 4.

Actuarial Certification

I am a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, and I meet the Academy's qualification standards for rendering opinions with regard to health rate filings.

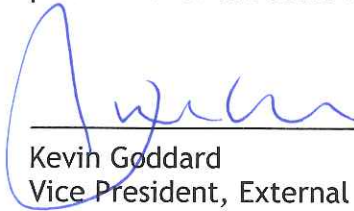
Based on my review of the block's underlying experience and methods applied, it is my opinion that the factors set forth in this filing are adequate and are neither excessive nor unfairly discriminatory.



Paul Schultz, F.S.A., M.A.A.A.

January 6, 2014

I HEREBY CERTIFY that I have reviewed the applicable filing requirements for this filing, and, to the best of my knowledge, the filing complies with all applicable statutory and regulatory provisions for the state of Vermont



Kevin Goddard
Vice President, External Affairs and Sales

1/13/14

Date

**The Vermont Health Plan
2014 Factor Filing
Plain Language Summary**

The purpose of this filing is to determine new factors applicable to large claim adjustment in the rating of experience-rated large groups. These factors will be applied to groups renewing or applying for coverage with The Vermont Health Plan (TVHP) for proposals delivered 10 or more business days after the approval of this filing.

The TVHP Merit Rating formula includes a mechanism that removes individual claims above a certain level from the base experience, and replaces those amounts with a large claim pooling charge. This makes health care more affordable for Vermonters by preventing a certain group from being penalized for a large claim event unlikely to repeat in future years, instead spreading the cost of such events across all plan sponsors. This reduces volatility in rates for all groups.

Pooling factors for large claim adjustments are developed through a credibility-weighted blending of actual BCBSVT experience with claims distributions taken from the 2013 Milliman Health Cost Guidelines. Trend factors are a key input item. These are taken from the most recently approved trend filings.

We believe that our methodology for determining large claim pooling factors is a sound one. We expect there will be some degree of fluctuation from year to year, due to the nature of high claims and the variability of such claims from year to year. Variations in basic assumptions, such as trend, can result in a systematic variance in the stop loss experience which in no way reflects a bias in the method.

The Vermont Health Plan
Provision for Large Claims Filing for 2014
Expected Large Claims Factor Development
Experience Period Starting Q4 2012

Exhibit 1

a	b	c	d	e= b*d+c*(1-d)
<u>Limits</u>	<u>BCBSVT</u>	<u>Milliman</u>	<u>Credibility</u>	<u>Merit net claim factor</u>
30,000	35.7%	36.5%	100%	35.7%
35,000	31.0%	31.9%	100%	31.0%
40,000	27.4%	28.3%	98%	27.4%
45,000	24.5%	25.4%	95%	24.5%
50,000	22.1%	23.0%	93%	22.1%
55,000	20.1%	21.0%	90%	20.1%
60,000	18.4%	19.2%	88%	18.5%
65,000	16.9%	17.7%	85%	17.0%
70,000	15.6%	16.4%	83%	15.7%
75,000	14.5%	15.3%	80%	14.6%
80,000	13.5%	14.2%	78%	13.6%
85,000	12.5%	13.4%	75%	12.8%
90,000	11.7%	12.5%	73%	12.0%
95,000	11.0%	11.8%	70%	11.2%
100,000	10.3%	11.1%	68%	10.6%
105,000	9.7%	10.5%	65%	10.0%
110,000	9.2%	10.0%	63%	9.5%
115,000	8.7%	9.4%	60%	9.0%
120,000	8.2%	9.0%	58%	8.5%
125,000	7.8%	8.6%	55%	8.1%
130,000	7.4%	8.2%	53%	7.8%
135,000	7.0%	7.8%	50%	7.4%
140,000	6.7%	7.4%	48%	7.1%
145,000	6.4%	7.1%	45%	6.8%
150,000	6.1%	6.8%	43%	6.5%
155,000	5.8%	6.5%	40%	6.2%
160,000	5.6%	6.3%	38%	6.0%
165,000	5.3%	6.1%	35%	5.8%
170,000	5.1%	5.8%	33%	5.6%
175,000	4.9%	5.6%	30%	5.4%
180,000	4.7%	5.4%	28%	5.2%
185,000	4.5%	5.2%	25%	5.0%
190,000	4.3%	5.0%	23%	4.9%
195,000	4.1%	4.9%	20%	4.7%
200,000	4.0%	4.7%	18%	4.6%

The Vermont Health Plan
Provision for Large Claims Filing for 2014
Expected Large Claims Factor Development
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Exhibit 1

a	b	c	d	e= b*d+c*(1-d)
<u>Limits</u>	<u>BCBSVT</u>	<u>Milliman</u>	<u>Credibility</u>	<u>Merit net claim factor</u>
205,000	3.8%	4.5%	15%	4.4%
210,000	3.7%	4.4%	13%	4.3%
215,000	3.5%	4.2%	10%	4.2%
220,000	3.4%	4.1%	8%	4.1%
225,000	3.3%	4.0%	5%	3.9%
230,000	3.2%	3.9%	3%	3.8%
235,000	3.0%	3.7%	0%	3.7%
240,000	2.9%	3.6%	0%	3.6%
245,000	2.8%	3.5%	0%	3.5%
250,000	2.8%	3.4%	0%	3.4%
255,000	2.7%	3.3%	0%	3.3%
260,000	2.6%	3.2%	0%	3.2%
265,000	2.5%	3.1%	0%	3.1%
270,000	2.4%	3.1%	0%	3.1%
275,000	2.4%	3.0%	0%	3.0%
280,000	2.3%	2.9%	0%	2.9%
285,000	2.2%	2.8%	0%	2.8%
290,000	2.2%	2.7%	0%	2.7%
295,000	2.1%	2.6%	0%	2.6%
300,000	2.0%	2.6%	0%	2.6%
305,000	2.0%	2.5%	0%	2.5%
310,000	1.9%	2.5%	0%	2.5%
315,000	1.9%	2.4%	0%	2.4%
320,000	1.8%	2.3%	0%	2.3%
325,000	1.8%	2.3%	0%	2.3%
330,000	1.8%	2.2%	0%	2.2%
335,000	1.7%	2.2%	0%	2.2%
340,000	1.7%	2.1%	0%	2.1%
345,000	1.6%	2.0%	0%	2.0%
350,000	1.6%	2.0%	0%	2.0%
355,000	1.6%	1.9%	0%	1.9%
360,000	1.5%	1.9%	0%	1.9%
365,000	1.5%	1.9%	0%	1.9%
370,000	1.5%	1.8%	0%	1.8%
375,000	1.4%	1.8%	0%	1.8%

The Vermont Health Plan
Provision for Large Claims Filing for 2014
Expected Large Claims Factor Development
Experience Period Starting Q4 2012

Exhibit 1

a	b	c	d	e= b*d+c*(1-d)
<u>Limits</u>	<u>BCBSVT</u>	<u>Milliman</u>	<u>Credibility</u>	<u>Merit net claim factor</u>
380,000	1.4%	1.7%	0%	1.7%
385,000	1.4%	1.7%	0%	1.7%
390,000	1.3%	1.7%	0%	1.7%
395,000	1.3%	1.6%	0%	1.6%
400,000	1.3%	1.6%	0%	1.6%
405,000	1.2%	1.5%	0%	1.5%
410,000	1.2%	1.5%	0%	1.5%
415,000	1.2%	1.5%	0%	1.5%
420,000	1.2%	1.4%	0%	1.4%
425,000	1.1%	1.4%	0%	1.4%
430,000	1.1%	1.4%	0%	1.4%
435,000	1.1%	1.4%	0%	1.4%
440,000	1.1%	1.3%	0%	1.3%
445,000	1.0%	1.3%	0%	1.3%
450,000	1.0%	1.3%	0%	1.3%
455,000	1.0%	1.2%	0%	1.2%
460,000	1.0%	1.2%	0%	1.2%
465,000	0.9%	1.2%	0%	1.2%
470,000	0.9%	1.2%	0%	1.2%
475,000	0.9%	1.1%	0%	1.1%
480,000	0.9%	1.1%	0%	1.1%
485,000	0.9%	1.1%	0%	1.1%
490,000	0.8%	1.1%	0%	1.1%
495,000	0.8%	1.1%	0%	1.1%
500,000	0.8%	1.0%	0%	1.0%
505,000	0.8%	1.0%	0%	1.0%
510,000	0.8%	1.0%	0%	1.0%
515,000	0.8%	1.0%	0%	1.0%
520,000	0.7%	0.9%	0%	0.9%
525,000	0.7%	0.9%	0%	0.9%
530,000	0.7%	0.9%	0%	0.9%
535,000	0.7%	0.9%	0%	0.9%
540,000	0.7%	0.9%	0%	0.9%
545,000	0.7%	0.9%	0%	0.9%
550,000	0.7%	0.9%	0%	0.9%

The Vermont Health Plan
Provision for Large Claims Filing for 2014
Expected Large Claims Factor Development
Experience Period Starting Q4 2012

Exhibit 1

a	b	c	d	e= b*d+c*(1-d)
<u>Limits</u>	<u>BCBSVT</u>	<u>Milliman</u>	<u>Credibility</u>	<u>Merit net claim factor</u>
555,000	0.7%	0.8%	0%	0.8%
560,000	0.7%	0.8%	0%	0.8%
565,000	0.6%	0.8%	0%	0.8%
570,000	0.6%	0.8%	0%	0.8%
575,000	0.6%	0.8%	0%	0.8%
580,000	0.6%	0.8%	0%	0.8%
585,000	0.6%	0.7%	0%	0.7%
590,000	0.5%	0.7%	0%	0.7%
595,000	0.5%	0.7%	0%	0.7%
600,000	0.5%	0.7%	0%	0.7%
605,000	0.5%	0.7%	0%	0.7%
610,000	0.5%	0.7%	0%	0.7%
615,000	0.4%	0.6%	0%	0.6%
620,000	0.4%	0.6%	0%	0.6%
625,000	0.4%	0.6%	0%	0.6%
630,000	0.4%	0.6%	0%	0.6%
635,000	0.4%	0.6%	0%	0.6%
640,000	0.4%	0.6%	0%	0.6%
645,000	0.4%	0.6%	0%	0.6%
650,000	0.4%	0.6%	0%	0.6%
655,000	0.4%	0.6%	0%	0.6%
660,000	0.4%	0.6%	0%	0.6%
665,000	0.4%	0.6%	0%	0.6%
670,000	0.3%	0.6%	0%	0.6%
675,000	0.3%	0.5%	0%	0.5%
680,000	0.3%	0.5%	0%	0.5%
685,000	0.3%	0.5%	0%	0.5%
690,000	0.3%	0.5%	0%	0.5%
695,000	0.3%	0.5%	0%	0.5%
700,000	0.3%	0.5%	0%	0.5%
705,000	0.3%	0.5%	0%	0.5%
710,000	0.3%	0.5%	0%	0.5%
715,000	0.3%	0.5%	0%	0.5%
720,000	0.3%	0.5%	0%	0.5%
725,000	0.3%	0.5%	0%	0.5%

The Vermont Health Plan
Provision for Large Claims Filing for 2014
Expected Large Claims Factor Development
Experience Period Starting Q4 2012

Exhibit 1

a	b	c	d	e= b*d+c*(1-d)
<u>Limits</u>	<u>BCBSVT</u>	<u>Milliman</u>	<u>Credibility</u>	<u>Merit net claim factor</u>
730,000	0.3%	0.5%	0%	0.5%
735,000	0.2%	0.5%	0%	0.5%
740,000	0.2%	0.5%	0%	0.5%
745,000	0.2%	0.4%	0%	0.4%
750,000	0.2%	0.4%	0%	0.4%
755,000	0.2%	0.4%	0%	0.4%
760,000	0.2%	0.4%	0%	0.4%
765,000	0.2%	0.4%	0%	0.4%
770,000	0.2%	0.4%	0%	0.4%
775,000	0.2%	0.4%	0%	0.4%
780,000	0.2%	0.4%	0%	0.4%
785,000	0.2%	0.4%	0%	0.4%
790,000	0.2%	0.4%	0%	0.4%
795,000	0.2%	0.4%	0%	0.4%
800,000	0.2%	0.4%	0%	0.4%
805,000	0.2%	0.4%	0%	0.4%
810,000	0.2%	0.3%	0%	0.3%
815,000	0.2%	0.3%	0%	0.3%
820,000	0.2%	0.3%	0%	0.3%
825,000	0.2%	0.3%	0%	0.3%
830,000	0.2%	0.3%	0%	0.3%
835,000	0.2%	0.3%	0%	0.3%
840,000	0.2%	0.3%	0%	0.3%
845,000	0.1%	0.3%	0%	0.3%
850,000	0.1%	0.3%	0%	0.3%
855,000	0.1%	0.3%	0%	0.3%
860,000	0.1%	0.3%	0%	0.3%
865,000	0.1%	0.3%	0%	0.3%
870,000	0.1%	0.3%	0%	0.3%
875,000	0.1%	0.3%	0%	0.3%
880,000	0.1%	0.3%	0%	0.3%
885,000	0.1%	0.3%	0%	0.3%
890,000	0.1%	0.3%	0%	0.3%
895,000	0.1%	0.3%	0%	0.3%
900,000	0.1%	0.3%	0%	0.3%

The Vermont Health Plan
Provision for Large Claims Filing for 2014
Expected Large Claims Factor Development
Experience Period Starting Q4 2012

Exhibit 1

a	b	c	d	e= b*d+c*(1-d)
<u>Limits</u>	<u>BCBSVT</u>	<u>Milliman</u>	<u>Credibility</u>	<u>Merit net claim factor</u>
905,000	0.1%	0.3%	0%	0.3%
910,000	0.1%	0.3%	0%	0.3%
915,000	0.1%	0.3%	0%	0.3%
920,000	0.1%	0.3%	0%	0.3%
925,000	0.1%	0.3%	0%	0.3%
930,000	0.1%	0.3%	0%	0.3%
935,000	0.1%	0.3%	0%	0.3%
940,000	0.1%	0.3%	0%	0.3%
945,000	0.1%	0.3%	0%	0.3%
950,000	0.1%	0.2%	0%	0.2%
955,000	0.1%	0.2%	0%	0.2%
960,000	0.1%	0.2%	0%	0.2%
965,000	0.1%	0.2%	0%	0.2%
970,000	0.1%	0.2%	0%	0.2%
975,000	0.1%	0.2%	0%	0.2%
980,000	0.1%	0.2%	0%	0.2%
985,000	0.0%	0.2%	0%	0.2%
990,000	0.0%	0.2%	0%	0.2%
995,000	0.0%	0.2%	0%	0.2%
1,000,000	0.0%	0.2%	0%	0.2%

**The Vermont Health Plan
Provision for Large Claims Filing for 2014**

Exhibit 2

Experience

The following table shows the pooling charge experience, as compared to expected, for 2012:

2012			
Attachment Point	<u>% of claims below attachment point</u>		
	Pricing Expected Claims**	2012 Observed Claims	A/E claims
\$35,000	26.7%	31.3%	117%
\$45,000	20.9%	24.7%	118%
\$60,000	15.6%	18.5%	119%
\$80,000	11.4%	13.6%	119%
\$100,000	8.8%	10.4%	119%
\$125,000	6.7%	7.9%	118%
\$175,000	4.3%	4.9%	114%
\$200,000	3.5%	4.0%	112%
\$225,000	2.9%	3.3%	113%
\$275,000	2.1%	2.4%	115%
\$300,000	1.8%	2.1%	115%
\$350,000	1.3%	1.6%	126%

** Per the amended and approved Stop Loss filing, VFN 63888

The Vermont Health Plan
Provision for Large Claims Filing for 2014
Merit Pooling Charge Factors

Exhibit 3

<u>Limit</u>	<u>Experience Period Starting Quarter</u>					
	<u>Q4 2012</u>	<u>Q1 2013</u>	<u>Q2 2013</u>	<u>Q3 2013</u>	<u>Q4 2013</u>	<u>Q1 2014</u>
	<u>claim*</u>	<u>claim*</u>	<u>claim*</u>	<u>claim*</u>	<u>claim*</u>	<u>claim*</u>
	<u>factor</u>	<u>factor</u>	<u>factor</u>	<u>factor</u>	<u>factor</u>	<u>factor</u>
\$30,000	35.66%	35.97%	36.28%	36.60%	36.92%	37.24%
\$35,000	31.00%	31.28%	31.55%	31.83%	32.12%	32.40%
\$40,000	27.38%	27.63%	27.88%	28.13%	28.39%	28.65%
\$45,000	24.46%	24.69%	24.92%	25.15%	25.39%	25.62%
\$50,000	22.05%	22.26%	22.47%	22.69%	22.90%	23.12%
\$55,000	20.06%	20.25%	20.45%	20.65%	20.84%	21.05%
\$60,000	18.35%	18.54%	18.72%	18.90%	19.09%	19.28%
\$65,000	16.90%	17.07%	17.24%	17.41%	17.59%	17.76%
\$70,000	15.61%	15.77%	15.94%	16.11%	16.27%	16.44%
\$75,000	14.46%	14.62%	14.78%	14.94%	15.10%	15.26%
\$80,000	13.45%	13.60%	13.75%	13.90%	14.05%	14.20%
\$85,000	12.55%	12.69%	12.83%	12.97%	13.12%	13.27%
\$90,000	11.73%	11.87%	12.00%	12.14%	12.28%	12.42%
\$95,000	10.99%	11.12%	11.25%	11.38%	11.52%	11.65%
\$100,000	10.33%	10.45%	10.57%	10.70%	10.83%	10.95%
\$105,000	9.72%	9.84%	9.96%	10.08%	10.20%	10.32%
\$110,000	9.17%	9.28%	9.39%	9.51%	9.63%	9.74%
\$115,000	8.66%	8.77%	8.88%	8.99%	9.10%	9.21%
\$120,000	8.20%	8.30%	8.41%	8.51%	8.62%	8.73%
\$125,000	7.78%	7.88%	7.98%	8.08%	8.18%	8.28%
\$130,000	7.38%	7.48%	7.58%	7.67%	7.77%	7.87%
\$135,000	7.02%	7.11%	7.21%	7.30%	7.39%	7.49%
\$140,000	6.69%	6.78%	6.87%	6.96%	7.05%	7.14%
\$145,000	6.38%	6.46%	6.55%	6.64%	6.72%	6.81%
\$150,000	6.08%	6.17%	6.25%	6.34%	6.42%	6.51%
\$155,000	5.81%	5.89%	5.97%	6.05%	6.13%	6.22%
\$160,000	5.55%	5.63%	5.71%	5.79%	5.87%	5.95%
\$165,000	5.32%	5.39%	5.47%	5.54%	5.62%	5.70%
\$170,000	5.09%	5.16%	5.24%	5.31%	5.38%	5.46%
\$175,000	4.88%	4.95%	5.02%	5.09%	5.16%	5.24%
\$180,000	4.68%	4.75%	4.82%	4.89%	4.96%	5.03%
\$185,000	4.48%	4.55%	4.62%	4.69%	4.76%	4.83%
\$190,000	4.30%	4.36%	4.43%	4.50%	4.57%	4.64%
\$195,000	4.12%	4.19%	4.25%	4.32%	4.39%	4.45%
\$200,000	3.96%	4.02%	4.08%	4.15%	4.21%	4.28%
\$205,000	3.80%	3.86%	3.92%	3.98%	4.05%	4.11%
\$210,000	3.65%	3.71%	3.77%	3.83%	3.89%	3.95%
\$215,000	3.51%	3.57%	3.63%	3.69%	3.75%	3.81%

*Percentages to be applied to experience claims below limit, to derive expected claims over limit.

The Vermont Health Plan
Provision for Large Claims Filing for 2014
Merit Pooling Charge Factors

Exhibit 3

\$220,000	3.38%	3.44%	3.49%	3.55%	3.61%	3.67%
\$225,000	3.27%	3.32%	3.37%	3.42%	3.48%	3.53%
\$230,000	3.15%	3.20%	3.25%	3.30%	3.35%	3.41%
\$235,000	3.05%	3.09%	3.14%	3.19%	3.24%	3.29%
\$240,000	2.94%	2.99%	3.04%	3.09%	3.13%	3.18%
\$245,000	2.85%	2.89%	2.94%	2.98%	3.03%	3.08%
\$250,000	2.75%	2.80%	2.84%	2.89%	2.93%	2.98%
\$255,000	2.66%	2.71%	2.75%	2.79%	2.84%	2.89%
\$260,000	2.58%	2.62%	2.66%	2.71%	2.75%	2.79%
\$265,000	2.50%	2.54%	2.58%	2.62%	2.66%	2.71%
\$270,000	2.42%	2.46%	2.50%	2.54%	2.58%	2.63%
\$275,000	2.35%	2.39%	2.43%	2.47%	2.51%	2.55%
\$280,000	2.29%	2.32%	2.36%	2.40%	2.43%	2.47%
\$285,000	2.22%	2.26%	2.29%	2.33%	2.37%	2.40%
\$290,000	2.16%	2.20%	2.23%	2.27%	2.30%	2.34%
\$295,000	2.10%	2.14%	2.17%	2.20%	2.24%	2.27%
\$300,000	2.05%	2.08%	2.11%	2.15%	2.18%	2.21%
\$305,000	1.99%	2.02%	2.06%	2.09%	2.12%	2.15%
\$310,000	1.94%	1.97%	2.00%	2.03%	2.07%	2.10%
\$315,000	1.90%	1.92%	1.95%	1.98%	2.01%	2.05%
\$320,000	1.85%	1.88%	1.91%	1.94%	1.96%	1.99%
\$325,000	1.80%	1.83%	1.86%	1.89%	1.92%	1.95%
\$330,000	1.76%	1.79%	1.81%	1.84%	1.87%	1.90%
\$335,000	1.72%	1.74%	1.77%	1.80%	1.83%	1.86%
\$340,000	1.68%	1.70%	1.73%	1.76%	1.78%	1.81%
\$345,000	1.63%	1.66%	1.69%	1.72%	1.74%	1.77%
\$350,000	1.59%	1.62%	1.65%	1.68%	1.70%	1.73%
\$355,000	1.56%	1.58%	1.61%	1.64%	1.66%	1.69%
\$360,000	1.52%	1.55%	1.57%	1.60%	1.62%	1.65%
\$365,000	1.49%	1.51%	1.53%	1.56%	1.59%	1.61%
\$370,000	1.45%	1.48%	1.50%	1.52%	1.55%	1.58%
\$375,000	1.42%	1.44%	1.47%	1.49%	1.52%	1.54%
\$380,000	1.38%	1.41%	1.43%	1.46%	1.48%	1.51%
\$385,000	1.35%	1.38%	1.40%	1.42%	1.45%	1.47%
\$390,000	1.32%	1.34%	1.37%	1.39%	1.42%	1.44%
\$395,000	1.29%	1.31%	1.34%	1.36%	1.38%	1.41%
\$400,000	1.26%	1.28%	1.31%	1.33%	1.35%	1.38%
\$405,000	1.23%	1.25%	1.28%	1.30%	1.32%	1.35%
\$410,000	1.20%	1.23%	1.25%	1.27%	1.29%	1.32%
\$415,000	1.18%	1.20%	1.22%	1.24%	1.26%	1.29%
\$420,000	1.15%	1.17%	1.19%	1.22%	1.24%	1.26%
\$425,000	1.13%	1.15%	1.17%	1.19%	1.21%	1.23%

*Percentages to be applied to experience claims below limit, to derive expected claims over limit.

The Vermont Health Plan
Provision for Large Claims Filing for 2014
Merit Pooling Charge Factors

Exhibit 3

\$430,000	1.10%	1.12%	1.14%	1.16%	1.18%	1.21%
\$435,000	1.07%	1.10%	1.12%	1.14%	1.16%	1.18%
\$440,000	1.05%	1.07%	1.09%	1.11%	1.13%	1.16%
\$445,000	1.03%	1.05%	1.07%	1.09%	1.11%	1.13%
\$450,000	1.00%	1.02%	1.04%	1.06%	1.09%	1.11%
\$455,000	0.98%	1.00%	1.02%	1.04%	1.06%	1.08%
\$460,000	0.96%	0.98%	1.00%	1.02%	1.04%	1.06%
\$465,000	0.94%	0.95%	0.97%	0.99%	1.01%	1.04%
\$470,000	0.91%	0.93%	0.95%	0.97%	0.99%	1.01%
\$475,000	0.89%	0.91%	0.93%	0.95%	0.97%	0.99%
\$480,000	0.87%	0.89%	0.91%	0.93%	0.95%	0.97%
\$485,000	0.85%	0.87%	0.89%	0.91%	0.93%	0.95%
\$490,000	0.83%	0.85%	0.87%	0.89%	0.91%	0.93%
\$495,000	0.82%	0.83%	0.85%	0.87%	0.89%	0.91%
\$500,000	0.80%	0.81%	0.83%	0.85%	0.87%	0.89%
\$505,000	0.78%	0.80%	0.81%	0.83%	0.85%	0.87%
\$510,000	0.78%	0.78%	0.80%	0.81%	0.83%	0.85%
\$515,000	0.78%	0.78%	0.78%	0.80%	0.81%	0.83%
\$520,000	0.75%	0.78%	0.78%	0.78%	0.81%	0.81%
\$525,000	0.71%	0.75%	0.78%	0.78%	0.79%	0.81%
\$530,000	0.69%	0.71%	0.78%	0.78%	0.76%	0.79%
\$535,000	0.68%	0.69%	0.74%	0.78%	0.76%	0.76%
\$540,000	0.66%	0.68%	0.70%	0.74%	0.76%	0.76%
\$545,000	0.66%	0.66%	0.68%	0.70%	0.73%	0.76%
\$550,000	0.66%	0.66%	0.66%	0.68%	0.70%	0.73%
\$555,000	0.66%	0.66%	0.66%	0.67%	0.68%	0.70%
\$560,000	0.66%	0.66%	0.66%	0.67%	0.67%	0.68%
\$565,000	0.62%	0.66%	0.66%	0.67%	0.67%	0.67%
\$570,000	0.57%	0.66%	0.66%	0.67%	0.67%	0.67%
\$575,000	0.57%	0.61%	0.66%	0.67%	0.67%	0.67%
\$580,000	0.57%	0.56%	0.61%	0.67%	0.67%	0.67%
\$585,000	0.57%	0.56%	0.56%	0.62%	0.67%	0.67%
\$590,000	0.54%	0.56%	0.56%	0.56%	0.62%	0.67%
\$595,000	0.50%	0.53%	0.56%	0.56%	0.57%	0.62%
\$600,000	0.50%	0.50%	0.53%	0.56%	0.57%	0.57%
\$605,000	0.50%	0.50%	0.51%	0.56%	0.57%	0.57%
\$610,000	0.47%	0.50%	0.51%	0.53%	0.57%	0.57%
\$615,000	0.45%	0.48%	0.51%	0.49%	0.53%	0.57%
\$620,000	0.43%	0.45%	0.48%	0.49%	0.50%	0.54%
\$625,000	0.42%	0.44%	0.45%	0.48%	0.50%	0.50%
\$630,000	0.42%	0.42%	0.44%	0.46%	0.50%	0.50%
\$635,000	0.42%	0.42%	0.43%	0.44%	0.47%	0.50%

*Percentages to be applied to experience claims below limit, to derive expected claims over limit.

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Provision for Large Claims Filing for 2014
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Exhibit 3

\$640,000	0.40%	0.42%	0.42%	0.43%	0.45%	0.47%
\$645,000	0.38%	0.40%	0.42%	0.42%	0.43%	0.45%
\$650,000	0.37%	0.38%	0.40%	0.42%	0.42%	0.44%
\$655,000	0.37%	0.37%	0.38%	0.42%	0.42%	0.42%
\$660,000	0.37%	0.37%	0.37%	0.40%	0.42%	0.41%
\$665,000	0.35%	0.37%	0.37%	0.38%	0.40%	0.41%
\$670,000	0.33%	0.37%	0.37%	0.37%	0.38%	0.40%
\$675,000	0.32%	0.35%	0.37%	0.37%	0.37%	0.38%
\$680,000	0.32%	0.33%	0.35%	0.37%	0.37%	0.37%
\$685,000	0.31%	0.32%	0.33%	0.35%	0.37%	0.36%
\$690,000	0.30%	0.32%	0.32%	0.33%	0.37%	0.36%
\$695,000	0.30%	0.31%	0.31%	0.32%	0.35%	0.36%
\$700,000	0.30%	0.30%	0.31%	0.32%	0.33%	0.35%
\$705,000	0.29%	0.30%	0.30%	0.31%	0.32%	0.33%
\$710,000	0.27%	0.29%	0.30%	0.30%	0.32%	0.32%
\$715,000	0.27%	0.28%	0.30%	0.30%	0.31%	0.31%
\$720,000	0.27%	0.28%	0.29%	0.30%	0.30%	0.31%
\$725,000	0.27%	0.28%	0.27%	0.29%	0.30%	0.30%
\$730,000	0.26%	0.28%	0.27%	0.27%	0.30%	0.30%
\$735,000	0.24%	0.28%	0.27%	0.27%	0.28%	0.30%
\$740,000	0.24%	0.26%	0.27%	0.27%	0.27%	0.29%
\$745,000	0.24%	0.24%	0.26%	0.27%	0.27%	0.27%
\$750,000	0.24%	0.23%	0.24%	0.27%	0.27%	0.27%
\$755,000	0.24%	0.23%	0.24%	0.26%	0.27%	0.27%
\$760,000	0.24%	0.23%	0.24%	0.24%	0.27%	0.27%
\$765,000	0.22%	0.23%	0.24%	0.23%	0.25%	0.27%
\$770,000	0.20%	0.23%	0.24%	0.23%	0.24%	0.26%
\$775,000	0.20%	0.22%	0.24%	0.23%	0.24%	0.24%
\$780,000	0.19%	0.20%	0.22%	0.23%	0.24%	0.23%
\$785,000	0.19%	0.20%	0.20%	0.23%	0.24%	0.23%
\$790,000	0.19%	0.19%	0.20%	0.22%	0.24%	0.23%
\$795,000	0.19%	0.19%	0.19%	0.20%	0.24%	0.23%
\$800,000	0.19%	0.19%	0.19%	0.20%	0.22%	0.23%
\$805,000	0.19%	0.19%	0.19%	0.19%	0.20%	0.22%
\$810,000	0.19%	0.19%	0.19%	0.19%	0.19%	0.20%
\$815,000	0.19%	0.19%	0.19%	0.19%	0.19%	0.20%
\$820,000	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%
\$825,000	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%
\$830,000	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%
\$835,000	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%
\$840,000	0.17%	0.19%	0.19%	0.19%	0.19%	0.19%
\$845,000	0.14%	0.19%	0.19%	0.19%	0.19%	0.19%

*Percentages to be applied to experience claims below limit, to derive expected claims over limit.

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Merit Pooling Charge Factors

Exhibit 3

\$850,000	0.14%	0.16%	0.19%	0.19%	0.19%	0.19%
\$855,000	0.14%	0.14%	0.19%	0.19%	0.19%	0.19%
\$860,000	0.14%	0.14%	0.17%	0.19%	0.19%	0.19%
\$865,000	0.14%	0.14%	0.14%	0.17%	0.19%	0.19%
\$870,000	0.14%	0.14%	0.14%	0.14%	0.19%	0.19%
\$875,000	0.14%	0.14%	0.14%	0.14%	0.16%	0.19%
\$880,000	0.14%	0.14%	0.14%	0.14%	0.14%	0.19%
\$885,000	0.14%	0.14%	0.14%	0.14%	0.14%	0.17%
\$890,000	0.14%	0.14%	0.14%	0.14%	0.14%	0.14%
\$895,000	0.14%	0.14%	0.14%	0.14%	0.14%	0.14%
\$900,000	0.14%	0.14%	0.14%	0.14%	0.14%	0.14%
\$905,000	0.11%	0.14%	0.14%	0.14%	0.14%	0.14%
\$910,000	0.09%	0.14%	0.14%	0.14%	0.14%	0.14%
\$915,000	0.09%	0.11%	0.14%	0.14%	0.14%	0.14%
\$920,000	0.09%	0.09%	0.14%	0.14%	0.14%	0.14%
\$925,000	0.09%	0.09%	0.11%	0.14%	0.14%	0.14%
\$930,000	0.09%	0.09%	0.09%	0.14%	0.14%	0.14%
\$935,000	0.08%	0.09%	0.09%	0.11%	0.14%	0.14%
\$940,000	0.07%	0.09%	0.09%	0.09%	0.14%	0.14%
\$945,000	0.07%	0.08%	0.09%	0.09%	0.11%	0.14%
\$950,000	0.07%	0.07%	0.09%	0.09%	0.09%	0.14%
\$955,000	0.07%	0.07%	0.08%	0.09%	0.09%	0.11%
\$960,000	0.07%	0.07%	0.07%	0.09%	0.09%	0.09%
\$965,000	0.07%	0.07%	0.07%	0.08%	0.09%	0.09%
\$970,000	0.07%	0.07%	0.07%	0.07%	0.09%	0.09%
\$975,000	0.07%	0.07%	0.07%	0.07%	0.08%	0.09%
\$980,000	0.06%	0.07%	0.07%	0.07%	0.07%	0.09%
\$985,000	0.04%	0.07%	0.07%	0.07%	0.07%	0.08%
\$990,000	0.04%	0.06%	0.07%	0.07%	0.07%	0.07%
\$995,000	0.04%	0.04%	0.07%	0.07%	0.07%	0.07%
\$1,000,000	0.04%	0.04%	0.06%	0.07%	0.07%	0.07%

*Percentages to be applied to experience claims below limit, to derive expected claims over limit.

**The Vermont Health Plan
Provision for Large Claims Filing for 2014
Merit Net Cost of Reinsurance (PMPM)**

Exhibit 4

Pricing Period Starting Quarter					
<u>Q2 2014</u>	<u>Q3 2014</u>	<u>Q4 2014</u>	<u>Q1 2015</u>	<u>Q2 2015</u>	<u>Q3 2015</u>
\$4.68	\$4.79	\$4.78	\$4.89	\$4.88	\$5.00